

Message Text

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11

ACTION EB-11

INFO OCT-01 NEA-10 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 FEA-02

OMB-01 SWF-02 DRC-01 /179 W
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R 280710Z MAR 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 0526

INFO USMISSIN GENEVA

LIMITED OFFICIAL USE NEW DELHI 4197

C O R R E C T E D C O P Y (FOR MRN 4197 VICE 4U)

E.O. 11652: N/A

TAGS: ETRD GATT IN

SUBJ: GATT COUNCIL, MARCH 28: INDIAN WAIVER REQUEST (AUXILIARY
DUTIES)

REF: STATE 060730

1. BEFORE WE RECEIVED REFTEL, WE HAD ALREADY SEEN NARASIMHAN (WHO SEEMS TO BE THE ONLY MAN IN THE GOI THESE DAYS WITH ANY KNOWLEDGE OR CONCERN ABOUT GATT) ABOUT THE JUSTIFICATION FOR THE CONTINUATION AND INCREASE IN AUXILIARY DUTIES. HE HAD JUST RETURNED FROM ALGERIA'S NON-ALIGNED CONFERENCE, BUT SAID HE HAD ALREADY FURNISHED INDIAN GATT MISSION WITH POSITION FOR DEFENDING EXTENSION OF WAIVER FOR AUXILIARY DUTIES. HE SAID IT DREW HEAVILY ON FINANCE MINISTER CHAVAN'S BUDGET SPEECH. WE NOTE THIS SPEECH GAVE OIL PRICE INCREASE AS ONLY ONE FACTOR IN INDIA'S CURRENT ECONOMIC DIFFICULTIES. IN FACT, CHAVAN'S SPEECH GAVE A STRONG INDICATION THAT IN THE DIFFICULT SEARCH FOR REVENUE IN INDIA AT THE MOMENT, HE WOULD HAVE LIKED TO HAVE PUT
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A LOT MORE OF THE BURDEN ON INCREASED CUSTOMS DUTIES, BUT DID SO

ONLY IN A "MARGINAL" WAY BECAUSE IMPORT PRICES WERE ALREADY SO HIGH.

2. WE CONSIDER IT UNREALISTIC TO PRESS INDIA FOR A DATE WHEN THE AUXILIARY DUTIES WILL BE ELIMINATED. IT WOULD BE BETTER TO PRESS THEM TO CONSOLIDATE THE TARIFFS IN THE SHIFTING OVER TO BTN IN A WAY THAT WILL MAKE THE WHOLE PACKAGE GATTABLE.

3. WE REPEAT WHAT WE HAVE SAID SO OFTEN. IT ISN'T TARIFF LEVELS THAT INHIBIT INDIAN IMPORTS; IT IS ADMINISTRATIVE CONTROLS. WE CONTINUE TO BELIEVE THIS IS WHERE OUR PRINCIPAL FIRE SHOULD BE DIRECTED. THE ANNUAL IMPORT POLICY TO BE ISSUED ON APRIL 1 IS A CUSTOMARY OCCASION TO ADD MORE ITEMS TO THE RESTRICTED IMPORTS LISTS, AND WE ANTICIPATE SOME NASTY SHOCKS THIS APRIL 1 -- BUT WE WILL BE POWERLESS SINCE INDIA IS COVERED BY ITS BALANCE-OF-PAYMENTS WAIVER.
MOYNIHAN

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Message Attributes

Automatic Decaptioning: X
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Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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